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**SUBSTITUTE SENATE BILL 6330**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Financial Institutions, Housing & Insurance (originally sponsored by Senator Sheldon)

READ FIRST TIME 02/05/14.

1       AN ACT Relating to promoting affordable housing in unincorporated  
2 areas of rural counties within urban growth areas; amending RCW  
3 84.14.007, 84.14.040, and 84.14.060; and reenacting and amending RCW  
4 84.14.010.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       **Sec. 1.** RCW 84.14.007 and 2012 c 194 s 1 are each amended to read  
7 as follows:

8       It is the purpose of this chapter to encourage increased  
9 residential opportunities, including affordable housing opportunities,  
10 in cities that are required to plan or choose to plan under the growth  
11 management act within urban centers where the governing authority of  
12 the affected city has found there is insufficient housing  
13 opportunities, including affordable housing opportunities. It is  
14 further the purpose of this chapter to stimulate the construction of  
15 new multifamily housing and the rehabilitation of existing vacant and  
16 underutilized buildings for multifamily housing in urban centers having  
17 insufficient housing opportunities that will increase and improve  
18 residential opportunities, including affordable housing opportunities,  
19 within these urban centers. To achieve these purposes, this chapter

1 provides for special valuations in residentially deficient urban  
2 centers for eligible improvements associated with multiunit housing,  
3 which includes affordable housing. It is an additional purpose of this  
4 chapter to allow unincorporated areas of rural counties that are within  
5 urban growth areas to stimulate housing opportunities and for certain  
6 counties to stimulate housing opportunities near college campuses to  
7 promote dense, transit-oriented, walkable college communities.

8 **Sec. 2.** RCW 84.14.010 and 2012 c 194 s 2 are each reenacted and  
9 amended to read as follows:

10 (~~Unless the context clearly requires otherwise,~~) The definitions  
11 in this section apply throughout this chapter unless the context  
12 clearly requires otherwise.

13 (1) "Affordable housing" means residential housing that is rented  
14 by a person or household whose monthly housing costs, including  
15 utilities other than telephone, do not exceed thirty percent of the  
16 household's monthly income. For the purposes of housing intended for  
17 owner occupancy, "affordable housing" means residential housing that is  
18 within the means of low or moderate-income households.

19 (2) "Campus facilities master plan" means the area that is defined  
20 by the University of Washington as necessary for the future growth and  
21 development of its campus facilities for branch campuses authorized  
22 under RCW 28B.45.020.

23 (3) "City" means either (a) a city or town with a population of at  
24 least fifteen thousand, (b) the largest city or town, if there is no  
25 city or town with a population of at least fifteen thousand, located in  
26 a county planning under the growth management act, or (c) a city or  
27 town with a population of at least five thousand located in a county  
28 subject to the provisions of RCW 36.70A.215.

29 (4) "County" means a county with an unincorporated population of at  
30 least three hundred fifty thousand.

31 (5) "Governing authority" means the local legislative authority of  
32 a city or a county having jurisdiction over the property for which an  
33 exemption may be applied for under this chapter.

34 (6) "Growth management act" means chapter 36.70A RCW.

35 (7) "High cost area" means a county where the third quarter median  
36 house price for the previous year as reported by the Washington center

1 for real estate research at Washington State University is equal to or  
2 greater than one hundred thirty percent of the statewide median house  
3 price published during the same time period.

4 (8) "Household" means a single person, family, or unrelated persons  
5 living together.

6 (9) "Low-income household" means a single person, family, or  
7 unrelated persons living together whose adjusted income is at or below  
8 eighty percent of the median family income adjusted for family size,  
9 for the county where the project is located, as reported by the United  
10 States department of housing and urban development. For cities located  
11 in high-cost areas, "low-income household" means a household that has  
12 an income at or below one hundred percent of the median family income  
13 adjusted for family size, for the county where the project is located.

14 (10) "Moderate-income household" means a single person, family, or  
15 unrelated persons living together whose adjusted income is more than  
16 eighty percent but is at or below one hundred fifteen percent of the  
17 median family income adjusted for family size, for the county where the  
18 project is located, as reported by the United States department of  
19 housing and urban development. For cities located in high-cost areas,  
20 "moderate-income household" means a household that has an income that  
21 is more than one hundred percent, but at or below one hundred fifty  
22 percent, of the median family income adjusted for family size, for the  
23 county where the project is located.

24 (11) "Multiple-unit housing" means a building having four or more  
25 dwelling units not designed or used as transient accommodations and not  
26 including hotels and motels. Multifamily units may result from new  
27 construction or rehabilitated or conversion of vacant, underutilized,  
28 or substandard buildings to multifamily housing.

29 (12) "Owner" means the property owner of record.

30 (13) "Permanent residential occupancy" means multiunit housing that  
31 provides either rental or owner occupancy on a nontransient basis.  
32 This includes owner-occupied or rental accommodation that is leased for  
33 a period of at least one month. This excludes hotels and motels that  
34 predominately offer rental accommodation on a daily or weekly basis.

35 (14) "Rehabilitation improvements" means modifications to existing  
36 structures, that are vacant for twelve months or longer, that are made  
37 to achieve a condition of substantial compliance with existing building

1 codes or modification to existing occupied structures which increase  
2 the number of multifamily housing units.

3 (15) "Residential targeted area" means an area within an urban  
4 center or urban growth area that has been designated by the governing  
5 authority as a residential targeted area in accordance with this  
6 chapter. With respect to designations after July 1, 2007, "residential  
7 targeted area" may not include a campus facilities master plan.

8 (16) "Rural county" means a "rural county" as defined in RCW  
9 82.14.370, which has only one incorporated city.

10 (17) "Substantial compliance" means compliance with local building  
11 or housing code requirements that are typically required for  
12 rehabilitation as opposed to new construction.

13 ((+17)) (18) "Urban center" means a compact identifiable district  
14 where urban residents may obtain a variety of products and services.  
15 An urban center must contain:

16 (a) Several existing or previous, or both, business establishments  
17 that may include but are not limited to shops, offices, banks,  
18 restaurants, governmental agencies;

19 (b) Adequate public facilities including streets, sidewalks,  
20 lighting, transit, domestic water, and sanitary sewer systems; and

21 (c) A mixture of uses and activities that may include housing,  
22 recreation, and cultural activities in association with either  
23 commercial or office, or both, use.

24 **Sec. 3.** RCW 84.14.040 and 2012 c 194 s 4 are each amended to read  
25 as follows:

26 (1) The following criteria must be met before an area may be  
27 designated as a residential targeted area:

28 (a) The area must be within an urban center, as determined by the  
29 governing authority;

30 (b) The area must lack, as determined by the governing authority,  
31 sufficient available, desirable, and convenient residential housing,  
32 including affordable housing, to meet the needs of the public who would  
33 be likely to live in the urban center, if the affordable, desirable,  
34 attractive, and livable places to live were available;

35 (c) The providing of additional housing opportunity, including  
36 affordable housing, in the area, as determined by the governing

1 authority, will assist in achieving one or more of the stated purposes  
2 of this chapter; and

3 (d) If the residential targeted area is designated by a county, the  
4 area must be located in an unincorporated area of the county that is  
5 within an urban growth area under RCW 36.70A.110 and the area must be:  
6 (i) In a rural county that has a sewer system in the urban growth area;  
7 or (ii) in a county that includes a campus of an institution of higher  
8 education, as defined in RCW 28B.92.030, where at least one thousand  
9 two hundred students live on campus during the academic year.

10 (2) For the purpose of designating a residential targeted area or  
11 areas, the governing authority may adopt a resolution of intention to  
12 so designate an area as generally described in the resolution. The  
13 resolution must state the time and place of a hearing to be held by the  
14 governing authority to consider the designation of the area and may  
15 include such other information pertaining to the designation of the  
16 area as the governing authority determines to be appropriate to apprise  
17 the public of the action intended.

18 (3) The governing authority must give notice of a hearing held  
19 under this chapter by publication of the notice once each week for two  
20 consecutive weeks, not less than seven days, nor more than thirty days  
21 before the date of the hearing in a paper having a general circulation  
22 in the city or county where the proposed residential targeted area is  
23 located. The notice must state the time, date, place, and purpose of  
24 the hearing and generally identify the area proposed to be designated  
25 as a residential targeted area.

26 (4) Following the hearing, or a continuance of the hearing, the  
27 governing authority may designate all or a portion of the area  
28 described in the resolution of intent as a residential targeted area if  
29 it finds, in its sole discretion, that the criteria in subsections (1)  
30 through (3) of this section have been met.

31 (5) After designation of a residential targeted area, the governing  
32 authority must adopt and implement standards and guidelines to be  
33 utilized in considering applications and making the determinations  
34 required under RCW 84.14.060. The standards and guidelines must  
35 establish basic requirements for both new construction and  
36 rehabilitation, which must include:

37 (a) Application process and procedures;

1 (b) Requirements that address demolition of existing structures and  
2 site utilization; and

3 (c) Building requirements that may include elements addressing  
4 parking, height, density, environmental impact, and compatibility with  
5 the existing surrounding property and such other amenities as will  
6 attract and keep permanent residents and that will properly enhance the  
7 livability of the residential targeted area in which they are to be  
8 located.

9 (6) The governing authority may adopt and implement, either as  
10 conditions to eight-year exemptions or as conditions to an extended  
11 exemption period under RCW 84.14.020(1)(a)(ii)(B), or both, more  
12 stringent income eligibility, rent, or sale price limits, including  
13 limits that apply to a higher percentage of units, than the minimum  
14 conditions for an extended exemption period under RCW  
15 84.14.020(1)(a)(ii)(B). For any multiunit housing located in an  
16 unincorporated area of a county, a property owner seeking tax  
17 incentives under this chapter must commit to renting or selling at  
18 least twenty percent of the multifamily housing units as affordable  
19 housing units to low and moderate-income households. In the case of  
20 multiunit housing intended exclusively for owner occupancy, the minimum  
21 requirement of this subsection (6) may be satisfied solely through  
22 housing affordable to moderate-income households.

23 **Sec. 4.** RCW 84.14.060 and 2012 c 194 s 6 are each amended to read  
24 as follows:

25 (1) The duly authorized administrative official or committee of the  
26 city or county may approve the application if it finds that:

27 (a) A minimum of four new units are being constructed or in the  
28 case of occupied rehabilitation or conversion a minimum of four  
29 additional multifamily units are being developed;

30 (b) If applicable, the proposed multiunit housing project meets the  
31 affordable housing requirements as described in RCW 84.14.020;

32 (c) The proposed project is or will be, at the time of completion,  
33 in conformance with all local plans and regulations that apply at the  
34 time the application is approved;

35 (d) The owner has complied with all standards and guidelines  
36 adopted by the city or county under this chapter; and

1           (e) The site is located in a residential targeted area of an urban  
2 center or urban growth area that has been designated by the governing  
3 authority in accordance with procedures and guidelines indicated in RCW  
4 84.14.040.

5           (2) An application may not be approved after July 1, 2007, if any  
6 part of the proposed project site is within a campus facilities master  
7 plan, except as provided in RCW 84.14.040(1)(d).

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